

WITNESS: BLUNDELL EXAM BY MR. CAPLINGER

1 Q. And you know that that order does talk about the
2 regulatory authority of the states over CMRS providers?

3 A. The court held in that case -- if you would like me
4 to share that.

5 Q. Well, let me ask a question. Are you aware that in
6 that decision they addressed the regulatory authority of the
7 states over CMRS providers?

8 A. No.

9 Q. You are familiar with the case?

10 A. Yes. It addressed the authority of commissions to
11 impose criteria in the designation of ETCs.

12 Q. But you are not familiar with any provisions in
13 that order respecting their authority over CMRS providers?

14 A. Why don't you ask a specific question.

15 MR. AYOTTE: We will stipulate in the Fifth Circuit
16 decision the Court did address a question as to whether a
17 state can require a CMRS provider to make contributions to a
18 state universal service fund. If that's what you mean by
19 they addressed the state regulatory authority over a CMRS
20 provider, it was limited to that discrete answer.

21 MR. CAPLINGER: Well, I believe the statement which
22 the witness said he was not familiar with was the states'
23 authority over CMRS providers. Was that correct?

24 CHAIR WINE: These questions --

25 Q. I guess what I'm asking is, you failed to point out

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1 the Fifth Circuit Court opinion when you state or when you
2 provide to the Commission this 1997 FCC order. But if you
3 are not familiar with the CMRS provisions, I will withdraw
4 the question.

5 CHAIR WINE: Mr. Caplinger, I know this is
6 confusing because this was raised in the testimony rather
7 than in a brief or maybe in addition to the brief and so it's
8 not inappropriate for you to be raising these issues on
9 cross-examination. But to the extent that you can make
10 points in your later arguments to us, that might be easier.

11 MR. CAPLINGER: Okay. Thank you, Mr. Chairman.

12 Q. I'm going to have you turn your attention to page
13 nine, line 12. You make the statement there, in Mr. Barron's
14 testimony, you suggest the fact Western will provide an
15 expanded local calling area is contrary to universal service.
16 Would you show me where he uses the term that that's contrary
17 to the universal service goals in his testimony?

18 A. Apparently it's a characterization gathered from
19 page 12 of his direct. That's the citation that I give
20 there.

21 Q. Doesn't he argue in his testimony that, again, they
22 are not supported services, expanded local calling areas?

23 A. If you would like to bring the testimony up and I
24 can take a look at it. I don't have all the testimony up
25 here.

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1 MR. CAPLINGER: Can I approach the witness?

2 CHAIR WINE: Certainly.

3 Q. (Indicating) You cite page 14.

4 A. Okay.

5 Q. Have you reviewed it?

6 A. Yes, I have.

7 Q. Does he say that expanded local calling areas are
8 not supported services? He doesn't say that they are
9 actually contrary to the act, does he?

10 A. He says, quote, "They are not features of universal
11 service in Kansas or at the federal level."

12 Q. Okay. So is it a correct characterization of his
13 testimony that those are contrary to the act or universal
14 service goals, excuse me?

15 A. I think it's a fair characterization, yeah.

16 Q. You go on to say, the next sentence, "Yet expanded
17 local calling areas can be provided by any local service
18 provider that chooses to offer such services." And I take
19 that to mean that the companies, the rural telephone
20 companies in the state, if they choose, they can expand their
21 local calling areas?

22 A. That's right.

23 Q. Do you understand the mechanism in the state of
24 Kansas, how the local service providers obtain an expanded
25 local calling area?

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1 A. If it's like in many other states, it's an EAS
2 process, I'm somewhat familiar with it, yeah.

3 Q. Are you familiar with what they have to go through
4 in Kansas to get the extended local calling area?

5 A. The precise Kansas requirements, no, not
6 intimately.

7 Q. Do you recognize that they need to get regulatory
8 approval to do so?

9 A. I'm sure they do.

10 Q. Do traditional LECs, do they operate under a
11 different set of rules for their local calling areas than
12 providers such as Western Wireless?

13 A. Uh-huh, uh-huh.

14 Q. And what do they operate under? What's the
15 mechanism that they operate under as a local exchange
16 carrier?

17 A. Well, again, as I say, I'm not intimately familiar
18 with the details of the Kansas calling area requirements.
19 But as you say, and I don't have any reason to disagree, they
20 require regulatory approval to expand. But certainly a local
21 telco could apply.

22 Q. Well, do you agree with me that local exchange
23 carriers operate under an access charge and equal access
24 format where CMRS providers do not? Do you recognize that?

25 A. Access, equal access and --

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1 Q. And an access environment?

2 A. I'm not sure exactly what you mean.

3 Q. When Western Wireless terminates a call in its
4 local calling areas, do they do so under a CMRS
5 interconnection agreement?

6 A. Yes.

7 Q. Do they pay access like a traditional IXC would?

8 A. Say again. When we terminate a call?

9 Q. Uh-huh.

10 A. Do we collect -- access charges? No.

11 Q. Do you have an agreement in place as a CMRS
12 interconnection agreement?

13 A. Yes, with Southwestern Bell and I think
14 Sprint/United. But I'm not absolutely sure about that.

15 Q. Well, without going in depth in that, you recognize
16 that the local companies, it's not at their choosing. They
17 need to seek regulatory approval to offer expanded local
18 calling, correct?

19 A. The procedure for obtaining a larger local calling
20 area certainly could be initiated by and obtained by a local
21 incumbent telephone company. And that was the statement that
22 I made.

23 Q. With approval and whatever the requirements are in
24 the state of Kansas?

25 A. Sure, yeah. I would think it would be a benefit

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1 customers would want and the customers would support that.

2 Q. Okay. And you state at the bottom of page nine, in
3 this same response to your question, you are talking about in
4 this docket or you are talking about the rural LECs' in
5 general attempt to deprive customers of that valuable service
6 option in the name of public interest shows that they are
7 concerned with themselves and not with their customers. Do
8 you see that?

9 A. Yes.

10 Q. Are you familiar with the recent work performed by
11 not only Commission Staff but the independent companies in
12 the state to try to preserve the OCCS routes in the state of
13 Kansas?

14 A. I'm not.

15 Q. Are you familiar with the OCCS routes in the state
16 of Kansas?

17 A. I am vaguely familiar with the OCCS mechanism but
18 not in detail, no.

19 Q. So if you reviewed that docket and you saw where
20 the rural companies in working with Staff put in numerous
21 hours and effort towards keeping those OCCS routes available
22 to Kansas consumers, would you still have the opinion that
23 rural LECs in the state are trying to deprive customers of
24 expanded local calling areas?

25 A. By competitive ETCs, yes.

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1 Q. That's what you are referencing there, just the
2 provisioning of those services by competitive ETCs?

3 A. Yeah. The statement is made in my testimony that
4 the attempts, yeah, the attempts to deprive consumers of this
5 valuable service option, meaning a standard local calling
6 area, the challenges to the application seems to be an effort
7 to deprive consumers of the service features that we want to
8 offer, including an expanded local calling area.

9 Q. So again you see expanded local calling scopes as
10 being in the public interest. Is that correct?

11 A. Yes.

12 Q. And do you see mobility as, the mobility component
13 that you talk about, as being in the public interest?

14 A. Yes.

15 Q. And again neither one of those are supported
16 services, are they?

17 A. That's correct.

18 Q. So when you talk about data transmission speeds
19 that we want to talk about as being something in the public
20 interest, the fact that you don't meet those, you point out
21 the fact that they are not supported services and they
22 shouldn't be put up for consideration by the Commission.
23 Isn't that correct?

24 A. That's correct. They shouldn't be used as a denial
25 of an application.

1 Q. I think you talked about, on page 11 you answered a
2 question by Ms. Powers talking about the August 1st, 1996
3 order of the FCC?

4 A. Uh-huh.

5 Q. And there you are talking about the FCC proposing
6 establishing a presumption there. Is that correct?

7 A. Yes.

8 Q. And I believe Ms. Powers, I'm not sure you answered
9 the question fully. She asked you for a copy of that order.
10 What is the current status of that order?

11 A. It's -- the docket remains open. This proposal to
12 establish a rebuttable presumption was made in that first
13 report and order in that docket and the docket remains open.
14 There isn't a final order.

15 Q. So, in fact, they issued this order. They were
16 seeking additional comment, correct?

17 A. I think so. I think the question was whether this
18 was, was it in an order or in a public notice, public comment
19 notice.

20 Q. I see. But what you are quoting here, the
21 rebuttable presumption has not been established. Is that
22 correct?

23 A. It has not been established by the FCC. It's been
24 proposed by the FCC.

25 Q. Mr. Gleason asked you some questions about

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1 monitoring. When you have the question on page 15 at line 10
2 where you are talking about the method, Mr. Gleason had a
3 few questions about that?

4 A. Uh-huh.

5 Q. And I was going to ask you, does the Commission
6 currently have a way of monitoring the funds of the incumbent
7 local exchange carriers in the state?

8 A. I hope so. I think they do.

9 Q. They do through the regulatory authority?

10 A. Through the ETC authority.

11 Q. What is the ETC authority?

12 A. All incumbent carriers, all exchange carriers are
13 ETCs. And it's through that authority, I believe, that the
14 Commission has the authority to monitor the use of universal
15 service funds.

16 Q. I guess I'm not familiar with that authority. I
17 guess, is that some other authority other than their
18 regulatory authority in general over the incumbent carriers
19 in the state?

20 A. It's the ETC authority that the Commission has to
21 grant to exchange carriers that they use in determining
22 whether or not an ETC is meeting their obligations under the
23 universal service system or not.

24 Q. Okay. And what is that authority, what can they do
25 to monitor?

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1 A. Revoke ETC status.

2 Q. Okay. How do they monitor it? Is that all they do
3 to monitor, they give you the status or they revoke it?

4 A. I'm not familiar with the monitoring procedures
5 that this Commission uses to monitor incumbent LECs and their
6 use of universal service funds.

7 Q. Okay. Are you --

8 A. We are trying to sort of establish those with,
9 establish those with Staff on the wireless side. But I'm not
10 intimately familiar with the mechanisms on the land line
11 side.

12 Q. You are saying you think the Commission has ETC
13 authority for incumbents but you haven't looked at that in
14 your discussions regarding wireless?

15 A. The monitoring?

16 Q. Monitoring?

17 A. I haven't. This is a designation proceeding, not a
18 funding proceeding, so --

19 Q. Well, this is a public interest criteria
20 determination hearing. So monitoring of the funds of the
21 KUSF, I guess, is in the criteria of the public interest,
22 wouldn't you agree?

23 A. It's an administrative process the Commission uses
24 to determine whether ETCs are spending the money correctly.

25 Q. Okay. And if I said --

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1 A. Post-designation.

2 Q. If I said the authority it has over the incumbents
3 in the state is auditing authority to determine whether or
4 not those funds are being used as they should be?

5 A. Right, that seems like a reasonable monitoring
6 mechanism.

7 Q. So Western Wireless would not have any problem with
8 that for the kind of monitoring of the Commission?

9 A. Absolutely not.

10 Q. Talking about your wireless access unit that you
11 have been asked several questions about that already, just so
12 I'm clear, on your universal service offering does that
13 require that the customer obtain that wireless access unit in
14 order to receive your universal service offering?

15 A. Does -- I'm sorry, say that.

16 Q. Western Wireless' universal service offering, does
17 it require, in order to obtain that offering that the
18 customer obtain one of these wireless access units that sits
19 in front of you?

20 A. Yes. The universal service offering that Western
21 is proposing requires the use of this wireless access unit,
22 yes.

23 Q. So if I want just one of your hand-held, half-watt
24 units, I can't obtain your universal services?

25 A. That's right.

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1 Q. Is this universal service offering that requires
2 this wireless access unit, is that available in all of your
3 service areas?

4 A. It will be available in all the service areas that
5 the Commission designates.

6 Q. Well, okay. For the sake of discussion then, let's
7 say they designate you everywhere. Is it going to be
8 available everywhere throughout your service area?

9 A. Yes.

10 Q. And it's going to be the same rate wherever that
11 is?

12 A. We plan, again it hasn't been determined in a final
13 service offering. But we expect that it will be 14.99
14 everywhere, yes.

15 Q. And I guess one of the things that's been confusing
16 for me all the way through is, so Western Wireless is going
17 to seek funding only for those customers that have this unit,
18 correct?

19 A. That's correct.

20 Q. Not for hand-held phones?

21 A. That's right.

22 Q. And you discuss for the first time in rebuttal that
23 14.99 rate. Is that correct?

24 A. Yes, I believe I -- yes.

25 Q. At page 16 I believe?

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1 A. Right. Western anticipates making available an
2 offering that includes unlimited local usage within an
3 expanded local calling area for 14.99 per month.

4 Q. How did you arrive at the rate of 14.99?

5 A. It's a very competitive rate. It's a rate that
6 almost consistently is at or about what the incumbent charges
7 or less.

8 Q. Again, subject to Mr. Gleason's question, not
9 really knowing what -- in the rural areas of the state of
10 Kansas, what those rural rates are?

11 A. Correct.

12 Q. Just an estimate that the 14.99 is about there?

13 A. That's right.

14 Q. Is that 14.99 rate based on the assumption that
15 Western Wireless will receive universal service?

16 A. Yes.

17 Q. In Western Wireless' form 10K for the period ending
18 December 31st, 1999, it provided that Western Wireless gets
19 an average monthly revenue per subscriber of \$43.26. Is the
20 difference between this 14.99 rate and that average of 43.26,
21 is that the amount of support needed for Western Wireless to
22 offer that 14.99 rate?

23 A. That \$43 is a system-wide average. Is the -- let's
24 see, is the 30 or 20 -- your question again? Sorry.

25 Q. Well, in your form 10K you said, our average - I

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1 want to read this right - monthly revenue per subscriber is
2 43.26. My question is, is the difference between the 43.26
3 and the 14.99 proposed rate the amount of support that you
4 are going to need?

5 MR. AYOTTE: I'm going to object to this question,
6 Mr. Chairman. It's going into funding issues which are not
7 a proper subject of this proceeding. There is no request for
8 KUSF funding. Similarly, Mr. Caplinger's question
9 referencing a 10K really talks about average revenue per
10 subscriber on a cellular mobile offering throughout all of
11 Western Wireless' networks. It's really not a comparison
12 between that figure and whatever amount of subsidy would be
13 available through KUSF for the state or the federal funds and
14 it doesn't relate at all to any sort of public interest
15 assessment.

16 CHAIR WINE: Well, I'm not sure about the
17 relevancy, but I am a little concerned about the scope. I
18 don't know that this witness testified about that.

19 MR. CAPLINGER: Well, Mr. Chairman, he testified
20 about the 14.99 rate and I asked him questions about what
21 went into that 14.99 rate and what considerations. And I'm
22 just following up on those considerations that he had in
23 developing that rate. I asked him if he, if that rate was
24 available with the assumption that universal service support
25 would be used and he answered yes.

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1 CHAIR WINE: Which would require him knowing about
2 costs and revenues and I don't know if he is the witness that
3 discussed that. If the witness can answer, I don't dispute
4 it being within the scope.

5 MR. AYOTTE: It is not raised in his rebuttal
6 testimony.

7 MR. CAPLINGER: I'm sorry, where are we now?

8 CHAIR WINE: Does the witness -- have you discussed
9 this in your testimony someplace that I have missed, cost and
10 revenue issues?

11 THE WITNESS: Cost and revenue? No, no.

12 Q. Well, in this docket, has Western Wireless provided
13 the Commission with any of its costing information?

14 A. I don't think so, no.

15 Q. Any cost studies?

16 A. No.

17 Q. Any cost information or methodologies used to
18 derive what you have in your rebuttal testimony on your 14.99
19 rate?

20 A. Again, because it's a designation proceeding and
21 not a general policymaking proceeding on funding, and because
22 that information is proprietary, no, we haven't provided any
23 cost information. It's not relevant to the criteria
24 including the public interest criteria.

25 Q. Well, when I asked you the question earlier on the

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1 14.99 rate, does that assume support, your answer was yes,
2 wasn't it?

3 A. Yes.

4 Q. Did you calculate the 14.99 rate or is your
5 testimony that someone else has derived that rate and they
6 are the ones that made the determination as to what support
7 was needed?

8 A. The rate is determined on the basis of competing in
9 a local market. That rate has got to be competitive. It's
10 got to attract customers in order for this to be a viable
11 service offering. And we certainly hope that we have hit it
12 on the mark, and we think we have and we have in other
13 markets. That's how we determine the rate.

14 Q. Where does the consideration of support come in?

15 A. Into the pricing?

16 Q. Yes.

17 A. I guess it really doesn't.

18 Q. So that answer was incorrect previously? You
19 didn't consider support in your 14.99 rate?

20 A. You didn't ask that. You asked whether the
21 offering at 14.99, whether offering it is dependent upon the
22 designation and, therefore, the receipt of funds. And, yes,
23 it is. Is pricing at 14.99 based on some subsidy amount?
24 No, it's based on the ability to compete in the local
25 marketplace.

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1 Q. Well, I'm not going to argue with you. We can read
2 it back, but my question was, 14.99 rate, was that rate
3 derived from the consideration of receiving support. I
4 believe your answer was yes. Now you are retracting that
5 answer. Is that correct?

6 A. No, I'm not. That's not the question you asked.
7 The question you asked was whether offering this service
8 including all the features is dependent upon the receipt --
9 the designation as an ETC and the expected receipt of
10 universal service support. And it is.

11 CHAIR WINE: I think the Commission has enough
12 information on this question to go on.

13 Q. Can I ask you once again about local calling
14 scopes? How is it that Western Wireless determines community
15 of interest? I believe you answered some questions about
16 that. So that I have it clear, how do you determine
17 community of interest?

18 A. Again, it's communities that, communities nearby
19 with which the market has a fair amount of contact with,
20 whether it be government offices, schools, etcetera,
21 customers, commercial activity, as well as local calling
22 patterns.

23 Q. And exactly how will you obtain that information?

24 A. By looking at a map, being in the community,
25 analyzing data, analyzing on a somewhat subjective basis what

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1 the community needs and going forward.

2 Q. You talked earlier about the speeds. I believe you
3 said that data speeds were 9.6 and 14.4. Is that correct?

4 | A. Yes.

5 | Q. And that's based on your knowledge?

6 A. That's, yeah, that's based on the specifications of
7 this unit. I also testified that in the near future we will
8 be able to offer far higher data speeds.

9 Q. So if you plug that unit in right now, the highest
10 speed you are going to get is 14.4?

11 A. Yeah, somewhere between 9.6 and 14.4.

12 Q. Are you aware that the incumbent local exchange
13 carriers in the state of Kansas are required to have a
14 minimum speed of 19.2?

15 A. No, I wasn't aware of that. Now I am.

16 MR. CAPLINGER: I have nothing further. Thank you.

17	EXAMINATION
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18 | BY CHAIR WINE:

19 Q. Mr. Blundell, I appreciated Mr. Caplinger's
20 questions that clarified what you are planning to offer and
21 you have explained that the person who lives close to a cell
22 and doesn't need three WATS, you are not going to permit them
23 to sign up for that universal service using a hand-held
24 device. Did I correctly understand that clarification?

25 | A. Right. I didn't know that I characterized in terms

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1 of being close to the cell site or not.

2 Q. Oh, I think you just explained that some customers
3 might need a three watt to have service but many would not
4 need to have that base unit to have service, a hand-held unit
5 would provide good quality service, but you are not going to
6 permit them to sign up for the universal service?

7 A. That's right. The universal service offering, as a
8 result of -- we are putting out there as a result of this
9 designation would be using this unit, yeah.

10 Q. And what I didn't understand is why you were
11 limiting it that way?

12 A. This unit ensures that using the same network
13 that's in place today, it ensures that customers throughout
14 the entire designated service area will have coverage. You
15 will notice on, as I'm sure you do on whatever wireless
16 carrier you use, that using a handset sometimes you run into
17 gaps or you might have a dropped call. The network is blind
18 to the type of handset that you are using or the type of
19 wireless unit you are using. It puts out the same signal.
20 These guys (indicating) pick up and transmit different levels
21 of signal. So that ensures that a customer in all points of
22 the designated service area has the signal that they need.

23 Q. But you are not offering the service to someone who
24 would have the signal strength they need with a hand-held?

25 A. That's right. :

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1 Q. Why is it you are limiting the offering to the
2 customer that way?

3 A. It has a lot of advantages to it. It simulates
4 dial tone and, believe it or not, customers like that.

5 Q. How many million mobile customers have gotten used
6 to not having a dial tone in America?

7 A. Our customer survey data shows that customers,
8 especially in rural areas, they like to have dial tone.

9 Q. But what if they didn't like dial tone and they
10 wanted a hand-held unit, you are not going to offer them
11 that. And I'm just wondering why and what are you going to
12 do if you change your mind? The government isn't prohibiting
13 you and you are choosing not to and can you change your mind
14 next month or next year?

15 A. As you state accurately, there is no prohibition.
16 This is the service offering we want to roll out. We think
17 it does a number of things to provide, for instance, jacks
18 there for data and facsimile and other auxiliary peripheral
19 devices that this unit (indicating) certainly can't give
20 access to.

21 Q. I guess I don't need to know why. Is there
22 anything that would prevent you from changing your mind next
23 month, next year?

24 A. There is nothing that would prevent us from
25 changing our mind.

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EXAM BY COMMISSIONER MOLINE

EXAMINATION

BY COMMISSIONER MOLINE:

Q. Perhaps you can help me with something I have been having a problem with. It's pretty self-evident, isn't it, that the whole purpose of this exercise is so that Western Wireless can get access to universal service funds because Western Wireless, for that matter the incumbent, cannot provide service in the rural areas at the service level and the price level that's expected without it. That's true, isn't it?

A. Right.

Q. That being the case, doesn't it also follow, then, that absent the availability of the universal service fund, the rural areas of Kansas are not financially susceptible to competitive providers? Without the fund, you wouldn't be going out there to do that, would you?

A. Well, actually we would be competing on a level playing field with the incumbent in that case. If there were no support in those areas, presumably the incumbent and with what you have done on access charges, pretty level -- I guess my point is we are okay in either situation. We want to compete and provide customers with choice, whether it's at 14.99 to try and be competitive with the incumbent or at some higher price. We think we have got a really good service to provide for rural customers and all the features that we have

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EXAM BY COMMISSIONER MOLINE

1 talked about.

2 Q. Of course, if we were really going to have a level
3 playing field, we would have to release -- without the fund,
4 we would also have to release the incumbent from any
5 regulatory constraints on them, too, wouldn't we?

6 A. We would certainly be glad to talk about that.

7 Q. Of course, none of us can do that. That's the
8 legislature?

9 A. Then you have got gloves off, real competition and
10 there we go.

11 Q. I guess that's my point, which is neither the
12 federal nor the state fund countenances gloves off with
13 head-to-head competition, do they? If they did, then you
14 wouldn't have any fund and you wouldn't have any constraints
15 on the rural providers. They would just say everybody go out
16 and mix it up and whoever can have the best product wins.
17 But the present regime doesn't contemplate that?

18 A. Well, I'm not sure, in a deregulated situation I'm
19 not sure that's true. Because I think one of the goals of
20 universal service is to get fringolability -- to get
21 comparability between rural and urban areas. And because the
22 costs are higher in rural areas, you may not, in a
23 deregulated environment you may not have that comparability.

24 Q. But the point I'm trying to get at for purposes of
25 a couple of questions is, we don't have the deregulated

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1 arena. The mere existence of a universal service fund
2 dictates that, doesn't it? What we have simply done is we
3 are subsidizing rural areas. We just changed the subsidor
4 from those who make a lot of long distance calls to those who
5 don't make a lot of long distance calls?

6 A. And I'm not sure it's -- maybe what you are getting
7 at is, which begets the other? Is universal service an
8 outcome of a regulated environment or is a regulated
9 environment -- I'm not sure.

10 Q. Well, let me try another way and here is where I am
11 going with this. You are acquainted, are you not, with Staff
12 witness Buchanan's testimony?

13 A. Yes.

14 Q. Well, she's asked the question in there, will the
15 designation of additional ETCs cause the universal service
16 fund to increase. And her answer is, depends on a lot of
17 things, but it's likely that that will happen. And that's
18 where I'm going with this. Your testimony and that of a
19 number of other witnesses basically assumes that the rural
20 citizens don't get the benefits of competition unless they
21 have an additional, at least one additional provider. Isn't
22 that so?

23 A. Right, yes.

24 Q. So if two is better than one, than is three better
25 than two, and, for that matter, five better than three?

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1 A. Certainly more competitive.

2 Q. And that's what I'm getting at. If we have a
3 finite universal service fund, and we have three to five
4 competitors, doesn't that result in one of two possibilities;
5 either a spiraling up of the fund so that everybody gets
6 equal access to it or, if there is a cap on the fund, which
7 there is right now, the amount that will be available to each
8 provider gets less and less as more and more people go in.
9 Doesn't that basically follow?

10 A. Or in a fully competitive arena, elimination of the
11 fund.

12 Q. Well, then that leads to the next question. Is it
13 your opinion that or that we will in the short term have a
14 fully competitive arena and elimination of the fund?

15 A. I hope so. I think that once we are designated, if
16 that's the case, we will certainly advocate for certain
17 reforms of -- and we do today at the federal level, reforms
18 of universal service, basing it more on an efficient model of
19 cost modeling for instance. In some markets we are in, in
20 most rural markets we are a more efficient provider. In
21 other markets others are more efficient than we are. So it
22 ought to reflect that. We actually think with those kinds of
23 reforms, we can -- in the long term we hope to keep the fund
24 capped without exploding it. So I think, yes, I think -- I
25 mean, as soon as we are an ETC you will hear a lot more from

WITNESS: BLUNDELL EXAM BY COMMISSIONER MOLINE

1 us about policy making and reform of the fund.

2 COMMISSIONER MOLINE: All right. Thank you.

3 CHAIR WINE: Redirect? I didn't miss someone
4 earlier, did I? Counsel for Southwestern Bell doesn't seem
5 to be here so I assume I called everyone. Redirect?

6 MR. AYOTTE: Mr. Chairman, perhaps we could go off
7 the record for a moment to discuss a scheduling item.

8 CHAIR WINE: Yes.

9 (THEREUPON, an off-the-record discussion
10 was had; WHEREUPON, a brief recess was
11 taken).

12 CHAIR WINE: Mr. Ayotte.

13 MR. AYOTTE: Thank you, Mr. Chairman. We would
14 like to call Mr. Joseph Gillan as our next witness.

15 JOSEPH GILLAN

16 called as a witness on behalf of Applicant, Western Wireless,
17 having been first duly sworn by Chair Wine, testified under
18 oath as follows:

19 DIRECT EXAMINATION

20 BY MR. AYOTTE:

21 Q. Mr. Gillan, would you please state your name and
22 spell it for the record?

23 A. My name is Joseph Gillan, G-I-L-L-A-N.

24 Q. Mr. Gillan, are you employed by Western Wireless?

25 A. No, I am not.

ATTACHMENT E